

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF OREGON

In re ) Case No. \_\_\_\_\_  
)  
) NOTICE OF **PRELIMINARY**  
) HEARING ON MOTION  
) FOR USE OF CASH COLLATERAL  
) TO OBTAIN CREDIT  
Debtor(s) ) (Check One)

YOU ARE NOTIFIED THAT:

1. The undersigned moving party, \_\_\_\_\_, filed a Motion For Use of Cash Collateral To Obtain Credit (*check one*). A copy of the motion is attached; and it includes (i) the statement required by [Local Form #541.5](#), and (ii) the following allegations:

a. The immediate and irreparable harm that will come to the estate pending a final hearing is \_\_\_\_\_.

b. The amount of cash collateral credit (*check one*) necessary to avoid the harm detailed above prior to the final hearing is \_\_\_\_\_.

2. The name and service address of the moving party's attorney (or moving party, if no attorney) are: \_\_\_\_\_.

3. A **PRELIMINARY** HEARING on the motion WILL BE HELD ON \_\_\_\_\_ AT \_\_\_\_\_ IN \_\_\_\_\_.  
Testimony will be received if offered and admissible.

4. If you wish to object to the motion, you must do one or both of the following: (1) attend the preliminary hearing; and/or (2) file with the Clerk of Court (i.e., if the 5-digit portion of the Case No. begins with "3" or "4", mail to 1001 SW 5<sup>th</sup> Ave #700, Portland OR 97204; OR if it begins with "6" or "7", mail to 405 E 8<sup>th</sup> Ave #2600, Eugene OR 97401), a written response, which states the facts upon which you will rely and, if the response is filed within three business days before the hearing, notify the judge's chambers by telephone immediately after filing the document, as required by LBR 9004-1(b).

5. On \_\_\_\_\_ copies of this notice and the motion were served pursuant to FRBP 7004 on the debtor(s); any debtor's attorney; any trustee; any trustee's attorney; members of any committee elected pursuant to 11 U.S.C. §705; any creditors' committee chairperson [or, if none serving, on all creditors listed on the list filed pursuant to FRBP 1007(d)]; any creditors' committee attorney; the U.S. Trustee; and all affected lien holders whose names and addresses used for service are as follows:

\_\_\_\_\_  
Signature of Moving Party or Attorney

\_\_\_\_\_  
OSB #

\_\_\_\_\_  
(If debtor is movant) Debtor's Address & Taxpayer ID#(s) (last 4 digits)

541.1 (6/1/15)

In re Sunshine Dairy Foods Management, LLC;  
Bankruptcy Case No. 18-31644-pcm11  
Service List

**Debtor:**

Sunshine Dairy Foods Management, LLC  
Attn: Norman Davidson, III  
801 NE 21st Ave.  
Portland, OR 97232

**20 Largest Unsecured Creditors:**

Andersen Plastics  
c/o Linda Erickson  
PO Box 310  
Battle Ground, WA 98604-0310

Bev Cap Management, LLC  
c/o Michelle Cummings  
120 W Virginia St Suite 200  
Mckinney, TX 75069

Boon Chapman  
c/o Grabielle Rico  
9401 Amberglen Blvd  
Austin, TX 78729

Country Lane Dairy  
c/o Kaye N. Barnes  
18555 SW Teton Ave  
Tualatin, OR 97062

Country Lane Dairy  
c/o Keystone-Pacific, LLC  
Kaye N. Barnes, RA  
9955 SW Potano St.  
Tualatin, OR 97062

Danisco USA, Inc  
c/o Daniel Usieto  
PO Box 32020  
New York, NY 10087-2020

Domino Foods, Inc.  
c/o Alessia Zalambani  
PO Box 79066  
City of Industry, CA 91716-9066

Ernest Packaging Solutions  
c/o Monique Gonzales  
9255 NE Alderwood Rd.  
Portland, OR 97220

First Business Capital Corp.  
Attn: Mark Buchert, VP-  
Account Executive  
401 Charmany Dr  
Madison, WI 53719

Grupo Phoenix  
c/o Karen Alvarado  
18851 NE 29th Ave, Suite 601  
Aventura, FL 33180

High Desert Milk, Inc.  
c/o Steven Tabet  
1033 Idaho St  
Burley, ID 83318

Larsen's Creamery, Inc.  
c/o Melody Librande  
16940 SE 130th Avenue  
Clackamas, OR 97015

LTI, Inc.  
c/o Karen McKinnon  
PO Box 34206  
Seattle, WA 98124-1026

Mayfield Farms, LLC  
c/o Kaye N. Barnes  
18555 SW Teton Ave  
Tualatin, OR 97062

Mayfield Farms, LLC  
c/o Keystone-Pacific, LLC  
Kaye N. Barnes, RA  
9955 SW Potano St.  
Tualatin, OR 97062

Pacific Foods Of Oregon, Inc.  
c/o Ginger Pielage  
19480 SW 97th Ave  
Tualatin, OR 97062

Portland Water Bureau  
Attn: Customer Svc -  
Bankruptcy  
PO Box 4216  
Portland, OR 97208-4216

QCS Purchasing, LLC  
c/o Mary DeMarco  
PO Box 87618  
Chicago, IL 60680-0618

Stiebrs Farms, Inc.  
c/o Dianna Stiebrs  
PO Box 598  
Yelm, WA 98597

Tetra Pak  
c/o Bill Ballew  
DEPT CH 10803  
Chicago, IL 60055-0803

Valley Falls Farm, LLC  
c/o Kaye N. Barnes  
18555 SW Teton Ave  
Tualatin, OR 97062

Valley Falls Farm, LLC  
c/o Keystone-Pacific, LLC  
Kaye N. Barnes, RA  
9955 SW Potano St.  
Tualatin, OR 97062

**Lien Holders:**

Citibank, N.A.  
388 Greenwich St., 25th Flr,  
Mail Drop 7  
New York, NY 10013

Citibank, NA  
c/o Barbara Desoer - CEO  
701 East 60th Street North  
Sioux Falls, SD 57104

First Business Capital Corp.  
401 Charmany Dr.  
Madison, WI 53719

First Business Capital Corp.  
c/o Chuck Batson, President & CEO  
401 Charmany Dr  
Madison, WI 53719

Elm Services  
PO Box 15270  
Irvine, CA 92623-5270

EverBank Commercial Finance, Inc.  
10 Waterview Blvd.  
Parsippany, NJ 07054

EverBank Commercial Finance, Inc.  
c/o Frederick Wolfert, CEO  
10 Waterview Blvd.  
Parsippany, NJ 07054

In re Sunshine Dairy Foods Management, LLC;  
Bankruptcy Case No. 18-31644-pcm11  
Service List

Banc of California, NA  
18500 Von Karman Ave.  
Ste 1100  
Irvine, CA 92612

Banc of California, NA  
c/o Doug Bowers, CEO  
3 Macarthur Place  
Santa Ana, CA 92707

ADS Group  
PO Box 15270  
Irvine, CA 92623

TCF Equipment Finance  
11100 Wayzata Blvd. #801  
Minnetonka, MN 55305

TCF Equipment Finance  
c/o Gary A. Peterson, President/CEO  
11100 Wayzata Blvd. #801  
Minnetonka, MN 55305

Strada Capital Corporation  
23046 Avenida de la Carlota,  
Ste 350  
Laguna Hills, CA 92653;

Strada Capital Corporation  
c/o Christopher Parsons, R.A.  
23046 Avenida de la Carlota,  
Ste 350  
Laguna Hills, CA 92653

LCA Bank Corporation  
1375 Deer Valley Drive, Ste. 218  
Park City UT 84060

LCA Bank Corporation  
c/o Thomas T. Billings, Registered Agent  
15 West South Temple Ste 1700  
Salt Lake City, UT 84101

Multnomah Assessment & Taxation  
501 SE Hawthorne, 1st Floor  
P.O. Box 5007  
Portland, OR 97208

Multnomah County Tax Assessor Attn  
Angelika Loomis, Agent  
PO Box 2716  
Portland, OR 97208-2716

**Electronic Mail:**

The foregoing was served on  
all CM/ECF participants  
through the Court's Case  
Management/ Electronic Case  
File system.

Douglas R. Ricks, OSB #044026  
VANDEN BOS & CHAPMAN, LLP  
319 SW Washington St., Ste. 520  
Portland, OR 97204  
Telephone: 503-241-4861  
Fax: 503-241-3731

Of Attorneys for Debtor-in-Possession

Nicholas J Henderson, OSB #074027  
MOTSCHENBACHER & BLATTNER LLP  
117 SW Taylor St., Ste. 300  
Portland, OR 97204  
Telephone: 503-417-0508  
Fax: 503-417-0528  
Email: nhenderson@portlaw.com

Of Attorneys for Karamanos Holdings, Inc.  
(Proposed Joint Debtor-in-Possession – Motion Pending)

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF OREGON

In re

Sunshine Dairy Foods Management, LLC,

Debtor-in-Possession

Case No. 18-31644-pcm11

JOINT MOTION FOR INTERIM  
ORDER AUTHORIZING USE OF  
CASH COLLATERAL OF DEBTORS-  
IN-POSSESSION AND GRANTING  
ADEQUATE PROTECTION

Debtor-in-Possession Sunshine Dairy Foods Management, LLC ("Sunshine") and Karamanos Holdings, Inc. ("Karamanos") (Proposed Joint Debtor-in-Possession – Motion Pending) (collectively "Debtors"), pursuant to Sections 105(a) and 363 of the Bankruptcy Code, Bankruptcy Rule 4001, and LBR 4001-1.D., move the Court for entry of an interim order authorizing use of cash collateral as defined by §363(a) of the Bankruptcy Code ("Cash Collateral"), and, in support, represent and state as follows:

1. On May 9, 2018 (the "Petition Date"), Debtors commenced a reorganization case by the filing of a voluntary petition under Chapter 11 of the United States Bankruptcy Code.

2. Pursuant to §§ 1107 and 1108 of the Code, Debtors are authorized to possession of Debtors' property and to operate and manage Debtors' business as debtors-in-possession.

### **DEBTORS' BUSINESS**

3. Sunshine is a limited liability company headquartered in Portland, Multnomah County, Oregon. Karamanos is an Oregon corporation headquartered in Portland, Multnomah County, Oregon. Debtors are in the business of manufacturing, packaging, and distributing dairy, non-dairy, and other related food products throughout the United States of America. The Debtors are the successor entity to the dairy delivery business founded in 1935 by John Karamanos. Debtors' operations employ over 100 individuals (including salaried and hourly employees) in the Portland area at two production locations. Debtors' business depends on the daily delivery of fresh food products to restaurants, retailers, and other customers, which would be greatly jeopardized by any delay in the Debtors' operations.

### **PARTIES WITH POTENTIAL INTERESTS IN CASH COLLATERAL**

4. The following entities ("Lien Creditors") may claim a lien in the Cash Collateral based upon the security interest held by the Lien Creditor for the following collateral:

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<b>Lien Creditor</b>	<b>Loan No. (last 4 digits) / UCC No.</b>	<b>Amount Owning</b>	<b>Property Value</b>	<b>Brief Collateral Description</b>
Citibank, N.A. 388 Greenwich St., 25 <sup>th</sup> Flr, Mail Drop 7 New York, NY 10013	8248701	Unknown. Believed to be \$-0-	\$2,568.00	All right, title and interest of Debtor in and to all accounts and all other forms of obligations ("Accounts Receivable") owing to Supplier by Compass Group- USA, Inc.
First Business Capital Corp. 401 Charmany Dr. Madison, WI 53719	91352308	\$9,027,482	\$12,740.00*	All Assets wherever located.

\*Property value includes only real estate values, full collateral value is substantially higher.

5. Other than the Lien Creditors noted above, Debtors are not aware of any parties holding an interest in Cash Collateral. The parties below have filed UCC financing statements with the Oregon Secretary of State, but Debtors contend none of the parties below have an interest in the Cash Collateral:

<b>Lien Creditor</b>	<b>Loan No. (last 4 digits) / UCC No.</b>	<b>Brief Collateral Description</b>
Elm Services PO Box 15270 Irvine, CA 92623-5270	90451311, 90548548	All equipment and personal property, including but not limited to furniture, fixtures and equipment.
EverBank Commercial Finance, Inc. 10 Waterview Blvd. Parsippany, NJ 07054	90718706-1	Blanket Security Agreement by Assignment from Summit Funding Group
Banc of California, NA 18500 Von Karman Ave. Ste 1100 Irvine, CA 92612	90963365 90963776	All equipment and personal property, including but not limited to furniture, fixtures and equipment.
ADS Group PO Box 15270 Irvine, CA 92623	91069271	All equipment and personal property, including but not limited to furniture, fixtures and equipment.
TCF Equipment Finance 11100 Wayzata Blvd. #801 Minnetonka, MN 55305	91069288- 9106288-1	All equipment and personal property, including but not limited to furniture, fixtures and equipment by Assignment from Balboa Capital Corporation.

<b>Lien Creditor</b>	<b>Loan No. (last 4 digits) / UCC No.</b>	<b>Brief Collateral Description</b>
Strada Capital Corporation 23046 Avenida de la Carlota, Ste 350 Laguna Hills, CA 92653;	91362566	Co-Secured Party with LCA Bank Corporation. All equipment and personal property, including but not limited to furniture, fixtures and equipment
LCA Bank Corporation 1375 Deer Valley Drive, Ste. 218 Park City UT 84060	91362566	Co-Secured Party with Strada - All equipment and personal property, including but not limited to furniture, fixtures and equipment
Multnomah County Tax Collector	91493028	Machinery & Equipment Acct. R657806 for tax year 2017/18
Multnomah County Tax Collector	91493028	Machinery & Equipment Acct. R657804 for tax year 2017/18
Multnomah County Tax Collector	91492965	Machinery & Equipment Acct. R646168 for tax year 2017/18
Multnomah County Tax Collector	91495871	Machinery & Equipment Acct. R657804 for tax year 2017/18

6. To preserve the value of Debtors' business as a going concern, Debtors require the use of the accounts receivable and cash generated from Debtors' business to pay Debtors' operating expenses

7. Debtors require the use of Cash Collateral to make reasonable and necessary payments related to the Debtors' business including, but not limited to, raw material suppliers, ingredient suppliers, re-sale item suppliers, employee payroll with benefits, utilities, leases, transportation costs, and packaging costs.

8. In order to formulate a plan of reorganization, Debtors require the use of Cash Collateral for the payment of operating expenses. Debtors propose to use Cash Collateral of \$6,465,274.00 over the period commencing May 9, 2018 through June 22, 2018, on the terms set forth in the proposed Interim Order Authorizing Use of Cash Collateral attached hereto as **Exhibit A**. Debtors projected 44-day operating expense budget is attached to **Exhibit A** marked **Exhibit 1** (the "Budget") (a 120-day budget to be provided on or before

Debtors' Notice and Motion for Final Order). Such Cash Collateral includes, but is not limited to, any uncashed checks made payable to the Debtors and cash collateral in possession of a Lien Creditor or an agent for a Lien Creditor on the Petition Date.

9. Debtors have made reasonable efforts to secure alternative financing. Debtors are unable to obtain necessary financial accommodations for the expenses shown in **Exhibit 1** from any source.

10. After reasonable efforts, Debtors are unable, pursuant to §364(a) or (b), to obtain unsecured credit allowable under §503(b)(1) as an administrative expense.

11. Allowing Debtors to use Cash Collateral on the terms set forth in the proposed Preliminary Order Authorizing Use of Cash Collateral attached hereto as **Exhibit A** will maximize the value of the Debtors' assets for the estate, will increase the probability of successful reorganization, and is in the best interests of the creditors and this estate.

12. Without the use of Cash Collateral, Debtors have insufficient funds to meet Debtors' expenses as itemized in **Exhibit 1**. Debtors have an immediate need for Cash Collateral to pay Debtors' operating expenses, including payments for improvements, provide deposits to utilities as needed under 11 U.S.C. §366 and make adequate protection payments, all of which will preserve the value of Debtors' business.

13. The proposed order on this motion does not contain any of the "disfavored provisions" listed in LBF #541.7.

#### **PROPOSED TERMS OF CASH COLLATERAL ORDER**

14. Debtor further proposes that Debtors' authority to use Cash Collateral be limited to the cumulative amounts and uses of Cash Collateral as set forth in the Budget; provided however, that Debtors may make expenditures in excess of the amounts specified in the



Budget subject to the limitation that the aggregate budget variance shall not exceed fifteen percent (15%) of any line item expenditures under the Budget for that Budget period.

### **PROPOSED ADEQUATE PROTECTION**

15. Notwithstanding anything to the contrary contained in Section 552(a) of the Code, as adequate protection for, and to secure payment of, an amount equal to the aggregate diminution (from the Petition Date) in the value of the property of Debtors to which any of the liens of the parties identified in paragraph 4 herein shall have attached, and as security for and an inducement to said parties to permit use of Cash Collateral, Debtors propose to grant to each of them the following protection:

- a. A replacement lien on all of the post-petition property of the same nature and kind in which each of them has a pre-petition lien or security interest. The replacement liens shall have the same relative priority vis-a-vis one another as existed on the petition date with respect to the original liens.
- b. Debtors shall timely perform and complete all actions necessary and appropriate to protect Lien Creditors' collateral against diminution in value.
- c. Subject to Debtors' sole discretion, or if subsequently ordered by the Court after notice and hearing, to commence making monthly payments of interest only, calculated at the then applicable non-default rates, to each Lien Creditor, beginning not later than the date that is 90 days after entry of the Order for Relief, based on the value of each respective Lien Creditor's interest in their respective collateral.

A significant equity cushion is in and of itself sufficient adequate protection to support a debtor's request or use of cash collateral. See In re Mellor, 734 F2d 1396 (9th Cir, 1984)

where the Court implied that an equity cushion of 10% is sufficient to adequately protect a secured creditor for use of the secured creditor's cash collateral. Relying on Mellor, the Ninth Circuit Appellate Panel has found that adequate protection existed where an 11.45% equity cushion existed: See In re Boulders on the River, Inc., 164 B.R. 99 (9th Cir. B.A.P. 1994).

16. Here, the Lien Creditors enjoy a sufficient equity cushion to supply adequate protection for their interests. First Business Capital Corp. based solely on its real estate collateral, enjoys an equity cushion of 40% which is likely understated in light of the additional collateral pledged. This far exceeds the Mellor standard for an equity cushion. Therefore, First Business Capital Corp. is adequately protected. The other Lien Creditor, Citibank, N.A., does not appear, based on the Debtors' records, to have an outstanding claim.

### NOTICE

17. No creditors' committee under §1102 of the Code has yet been appointed by the U.S. Trustee, but Debtors have given notice, as required by Bankruptcy Rule 4001, of this motion or pending requisite notice of such motion.

WHEREFORE, Debtors move the Court for:

1. An Interim Order Authorizing the Use of Cash Collateral on the terms set forth in **Exhibit A** attached hereto and Granting Adequate Protection.
2. An Order setting a preliminary hearing on this motion upon such notice as the Court may direct pursuant to Bankruptcy Rule 4001(b)(3) to authorize the expenditures set forth on **Exhibit 1** to this motion.

3. That the Order and each of its terms shall be effective immediately upon entry by the Court and the automatic stay of judgment provisions of FRBP 8017(a) shall not apply;

4. An Order setting a final hearing after notice on a Motion for a Final Order on use of Cash Collateral, with such Motion filed not less than 24 days in advance of such final hearing.

Dated: May 9, 2018

MOTSCHENBACHER & BLATTNER LLP

VANDEN BOS & CHAPMAN, LLP

By: /s/Nicholas J. Henderson  
Nicholas J. Henderson, OSB #074027  
Of Attorneys for Karamanos Holdings, Inc.

By: /s/Douglas R. Ricks  
Douglas R. Ricks, OSB #044026  
Of Attorneys for Sunshine Dairy Foods  
Management, LLC

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF OREGON

In re

Sunshine Dairy Foods Management, LLC,  
Debtor-in-Possession.

Case No. 18-31644-pcm11

INTERIM ORDER AUTHORIZING  
USE OF CASH COLLATERAL

THIS MATTER came before the Court on \_\_\_\_\_ 2018 on the joint motion of Debtor-in-Possession, Sunshine Dairy Foods Management, LLC ("Sunshine") and Karamanos Holdings, Inc. ("Karamanos") (Proposed Joint Debtor-in-Possession – Motion Pending) (collectively "Debtors"), for interim authority to use cash collateral, due and adequate notice under the circumstances having been given, and the Court having heard the representations and argument of counsel, and being otherwise fully advised,

The Court finds that:

A. On May 9, 2018 (the "Petition Date"), Debtors filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code (the "Code"). The Debtors continue in possession of Debtors' property and management of Debtors' businesses as

debtors-in-possession, in accordance with 11 U.S.C. §§ 1107 and 1108. No trustee or examiner has been appointed. The Court has jurisdiction over this case under 28 U.S.C. §§ 157 and 1334. Venue of this case is properly in this District under 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding under 28 U.S.C. §157(b), 11 U.S.C. §§ 105(a) and 363 of the Code, FRBP 4001 and LBR 4001-1.D.

B. Without the use of Cash Collateral, Debtors assert they have insufficient funds to meet their expenses and other payments set forth in the Budget. Debtors assert there is an immediate need to use Cash Collateral to pay Debtors' payroll and other operating expenses and to preserve the value of Debtors' business.

C. Debtors assert they will suffer immediate and irreparable harm if Debtors are not permitted to use up to \$6,465,274.00 for the period covering May 9, 2018 through June 22, 2018, in the amount and for the purposes set forth in the Budget, to meet Debtors' necessary and ordinary course post-petition operating expenses prior to the time prescribed by FRBP 4001(b)(2) for a final hearing for authority to use Cash Collateral.

D. Debtors assert that the following creditors, (the "Lien Creditors"), appear to have security interest/liens upon the Cash Collateral as of the petition date:

<b>Lien Creditor</b>	<b>Loan No. (last 4 digits) / UCC No.</b>	<b>Amount Owing</b>	<b>Property Value</b>	<b>Brief Collateral Description</b>
Citibank, N.A. 388 Greenwich St., 25 <sup>th</sup> Flr, Mail Drop 7 New York, NY 10013	8248701	Unknown. Believed to be \$-0-	\$2,568.00	All right, title and interest of Debtor in and to all accounts and all other forms of obligations ("Accounts Receivable") owing to Supplier by Compass Group- USA, Inc.
First Business Capital Corp. 401 Charmany Dr. Madison, WI 53719	91352308	\$9,027,482	\$12,740.00*	All Assets wherever located.

\* Property value includes only real estate values, full collateral value is substantially higher.

E. Other than the Lien Creditors noted above, Debtors are not aware of any parties holding an interest in Cash Collateral. The parties below have filed UCC financing statements with the Oregon Secretary of State, but Debtors contend none of the parties below have an interest in the Cash Collateral:

<b>Lien Creditor</b>	<b>Loan No. (last 4 digits) / UCC No.</b>	<b>Brief Collateral Description</b>
Elm Services PO Box 15270 Irvine, CA 92623-5270	90451311, 90548548	All equipment and personal property, including but not limited to furniture, fixtures and equipment.
EverBank Commercial Finance, Inc. 10 Waterview Blvd. Parsippany, NJ 07054	90718706-1	Blanket Security Agreement by Assignment from Summit Funding Group
Banc of California, NA 18500 Von Karman Ave. Ste 1100 Irvine, CA 92612	90963365 90963776	All equipment and personal property, including but not limited to furniture, fixtures and equipment.
ADS Group PO Box 15270 Irvine, CA 92623	91069271	All equipment and personal property, including but not limited to furniture, fixtures and equipment.
TCF Equipment Finance 11100 Wayzata Blvd. #801 Minnetonka, MN 55305	91069288- 9106288-1	All equipment and personal property, including but not limited to furniture, fixtures and equipment by Assignment from Balboa Capital Corporation.
Strada Capital Corporation 23046 Avenida de la Carlota, Ste 350 Laguna Hills, CA 92653;	91362566	Co-Secured Party with LCA Bank Corporation. All equipment and personal property, including but not limited to furniture, fixtures and equipment
LCA Bank Corporation 1375 Deer Valley Drive, Ste. 218 Park City UT 84060	91362566	Co-Secured Party with Strada - All equipment and personal property, including but not limited to furniture, fixtures and equipment
Multnomah County Tax Collector	91493028	Machinery & Equipment Acct. R657806 for tax year 2017/18
Multnomah County Tax Collector	91493028	Machinery & Equipment Acct. R657804 for tax year 2017/18
Multnomah County Tax Collector	91492965	Machinery & Equipment Acct. R646168 for tax year 2017/18
Multnomah County Tax Collector	91495871	Machinery & Equipment Acct. R657804 for tax year 2017/18

**NOW, THEREFORE, it is ORDERED as follows:**

1. Debtors are authorized to use Cash Collateral not to exceed \$6,465,274.00 for the period covering May 9, 2018 through June 22, 2018 (the "Budget Period"), for the purposes specified in the Budget attached hereto as **Exhibit 1**. Debtors authority to use Cash Collateral is limited to the cumulative amounts and uses of Cash Collateral as set forth in the Budget; provided however, that Debtors may make expenditures in excess of the amounts specified in the Budget subject to the limitation that the budget variance shall not exceed fifteen percent (15%) of any line item expenditures under the Budget for the Budget Period.

2. Notwithstanding anything to the contrary contained in 11 U.S.C. §552(a), as adequate protection for, and to secure payment of, an amount equal to the diminution in the value, if any, of the Cash Collateral arising from Debtors' use of the Cash Collateral post-petition, the UCC Lien Creditors are granted the following adequate protection:

- a) A replacement lien on collateral of the same nature, kind and priority as existed on the Petition Date; provided, however, that such replacement lien shall not attach to avoidance or recovery actions of Debtors' estate under Chapter 5 of the Code; and provided, further, that such replacement lien shall be subject to all valid, properly perfected and enforceable liens and interests that existed as of the Petition Date (such property on which the replacement lien shall attach being referred to herein as the "Replacement Collateral").
- b) The interests of the Lien Creditors in the Replacement Collateral shall have the same relative priorities as the liens held by them as of the Petition Date.

- c) Debtors shall timely perform and complete all actions necessary and appropriate to protect the Cash Collateral against diminution in value.
- d) If, notwithstanding the adequate protection provided by the terms of this Order, any of the UCC Lien Creditors has a claim allowable under 11 U.S.C. §507(a)(2) arising from the stay of action against property of Debtors under 11 U.S.C. §362, from the use, sale or lease of such property under 11 U.S.C. §363, or from the granting of the replacement lien granted herein, then such creditor's claim under 11 U.S.C. §507(a)(2) shall have priority over every other claim under such subsection as provided by 11 U.S.C. §507(b).

3. This Order shall be deemed to constitute a security agreement under the applicable provisions of the Uniform Commercial Code ("UCC") in effect in states where the Debtor (a) is domiciled, (b) operates its business, and (c) maintains its principal place of business. The Replacement Lien granted hereby shall be a valid, perfected and enforceable security interest and lien on the property of the Debtors and the Debtors' estate without further filing or recording of any document or instrument or any other action, but only to the extent of the enforceability of Lien Creditors' security interests in the Prepetition Collateral. Notwithstanding the foregoing, the Debtors are authorized and directed to execute and deliver to Lien Creditor(s) such financing statements, instruments and other documents as Lien Creditor(s) may deem necessary or desirable from time to time. To the extent necessary, the automatic stay in effect pursuant to 11 U.S.C. § 362 is hereby modified and lifted to permit the granting of the Replacement Lien as set forth herein.

4. Nothing in this Order shall be construed to (a) prejudice a right of any party in interest (including Debtors) to contest the validity, priority or extent of the liens or security



interests of any party in any collateral or in the proceeds thereof, as of, on or after the Petition Date; (b) grant a security interest in the debtor-in-possession or trustee's avoidance powers; (c) convert any pre-petition obligations into post-petition obligations; (d) require payment of any obligations on confirmation of a plan of reorganization; (e) alter, improve, limit or impair the rights, if any, of parties claiming to have rights of reclamation against Debtors, or Debtors' assets or (f) enhance the secured position of any creditor as of the Petition Date.

5. Debtors are authorized to execute and deliver to the Lien Creditors such instruments considered by them to be necessary or desirable to perfect the security interests and liens given to them herein, and said parties are authorized to receive, file and record the same.

6. Nothing contained in this Order shall constitute a determination as to the amount, validity or priority of any pre-petition obligation, security interest or lien and all rights or parties in interest to claim that any pre-petition lien or security interest in Debtors' property is unperfected, unenforceable, invalid or voidable, are reserved. Additionally, nothing in this Order shall constitute an admission or acknowledgment by Debtors that any party has a valid or perfected lien in the cash of Debtors now existing or subsequently received, and the references herein to "Cash Collateral" is without prejudice to all rights, defenses and claims of Debtors to contend that any party does not have a perfected lien or security interest in such cash.

7. The provisions hereof and the effect of any actions taken hereunder shall survive issuance and entry of any order: (a) confirming any plan of reorganization or liquidation; (b) appointing a trustee or examiner for the Debtors; (c) converting Debtors' case to one under Chapter 7 of the Code; or (d) dismissing Debtors' case. The priorities, liens

and security interests granted herein shall continue in these or any superseding cases under the Code, and any such liens and security interests shall maintain their priority as provided herein until satisfied and discharged subject to the Code.

8. In the event any or all of the provisions of this Order are hereafter modified, amended or vacated by a subsequent order of this or any other court, no such modification, amendment or vacation shall affect the validity and enforceability of any lien or priority authorized or created hereby. Notwithstanding any such modification, amendment or vacation, any claim granted hereunder arising prior to the effective date of such modification, amendment or vacation shall be governed in all respects by the original provisions of this Order.

9. This Order does not grant authority to the Debtors to pay any pre-petition obligation, expense, or debt or to pay any administrative expense claims under Section 503(b)(9). Debtors may only pay such administrative expense claims upon further order of this Court after the filing of an appropriate motion and notice of the same.

10. The final hearing on Debtors' Motion shall be held in Courtroom \_\_\_ of the United States Bankruptcy Court for the District of Oregon, 1001 SW Fifth Avenue, #700, Portland, Oregon 97204, on \_\_\_\_\_, 2018 at \_\_\_\_:\_\_\_\_ \_\_.m.

A copy of this Order and Notice of the final hearing on Debtors' Motion shall be served within two (2) days of entry of this Order pursuant to FRBP 7004 upon: (a) Debtors' 20 largest unsecured creditors; (b) any known creditors claiming a security interest in or lien on Cash Collateral; (c) the U.S. Trustee; and (d) all persons who have requested notice pursuant to Bankruptcy Rule 2002. Objections, if any, to the relief requested in the motion shall be in writing, shall state the name of the objecting party and the nature of the claim or interest of such party, shall state with particularity the reasons for the objections to the relief

requested, and shall be served upon counsel for Sunshine, Vanden Bos & Chapman, LLP, Attn: Douglas R. Ricks, 319 SW Washington St., Ste. 520, Portland, Oregon 97204, and Nicholas J Henderson, Motschenbacher & Blattner, LLP, 117 SW Taylor St., Ste. 300, Portland, Oregon 97204 and filed, together with proof of service, with the Court no later than the deadline provided in the Notice (LBF 541.1) which accompanies this Order when served.

###

I certify that I have complied with the requirements of LBR 9021-1(a)(2)(A).

PRESENTED BY:

VANDEN BOS & CHAPMAN, LLP

**First Class Mail:**

See Attached List.

By: /s/Douglas R. Ricks  
Douglas R. Ricks, OSB #044026  
Of Attorneys for Debtor-in-Possession

**Electronic Mail:**

The foregoing was served on all CM/ECF participants through the Court's Case Management/Electronic Case File system.

MOTSCHENBACHER & BLATTNER LLP

By: /s/Nicholas J. Henderson  
Nicholas J. Henderson, OSB #074027  
Of Attorneys for Karamanos Holdings, Inc.

Sunshine Dairy Foods Management, LLC  
DIP By Week

**SUMMARY**

	Short Week	Week	Week	Week	Week	Week	Week
	5/10/2018	5/14/2018	5/21/2018	5/28/2018	6/4/2018	6/11/2018	6/18/2018
Bank Balance	496,206	575,459	459,209	406,959	381,209	343,459	312,209
<b>Collections</b>	<b>250,000</b>	<b>925,000</b>	<b>1,075,000</b>	<b>975,000</b>	<b>1,200,000</b>	<b>1,000,000</b>	<b>875,000</b>
<b>Payments:</b>							
Raw Material Suppliers	-	238,500	414,500	238,500	388,500	238,500	87,000
Ingredient Suppliers	20,000	75,000	82,000	75,000	82,000	75,000	82,000
Resale Item Suppliers	40,000	100,000	100,000	100,000	100,000	100,000	100,000
Employee Payroll and Benefits	10,497	198,000	203,500	198,000	280,000	198,000	250,000
Utilities	-	45,500	9,000	5,000	69,000	35,500	19,000
Leases	-	-	25,000	-	25,000	-	25,000
Transportation	-	15,000	15,000	15,000	15,000	15,000	15,000
Packaging, QA and Other	100,250	369,250	278,250	369,250	278,250	369,250	278,250
<b>Total Disbursements</b>	<b>170,747</b>	<b>1,041,250</b>	<b>1,127,250</b>	<b>1,000,750</b>	<b>1,237,750</b>	<b>1,031,250</b>	<b>856,250</b>
Increase (decrease) in Cash	<b>79,253</b>	<b>(116,250)</b>	<b>(52,250)</b>	<b>(25,750)</b>	<b>(37,750)</b>	<b>(31,250)</b>	<b>18,750</b>
Beginning Cash	<b>496,206</b>	<b>575,459</b>	<b>459,209</b>	<b>406,959</b>	<b>381,209</b>	<b>343,459</b>	<b>312,209</b>
Ending Cash	<b>575,459</b>	<b>459,209</b>	<b>406,959</b>	<b>381,209</b>	<b>343,459</b>	<b>312,209</b>	<b>330,959</b>
Past Due							
Current							
Total							
Increase decrease in cash							
ending cash for week.							

Sunshine Dairy Foods Management, LLC  
DIP Cash Forecast

	Shrt Week 5/10/2018	Week 5/14/2018	Week 5/21/2018	Week 5/28/2018	Week 6/4/2018	Week 6/11/2018	Week 6/18/2018
Bank Balance	496,206	575,459	459,209	406,959	381,209	343,459	312,209
Collections	250,000	925,000	1,075,000	975,000	1,200,000	1,000,000	875,000
Available	746,206	1,500,459	1,534,209	1,381,959	1,581,209	1,343,459	1,187,209
<b>Payments by Vendor:</b>							
<u>Raw Material Suppliers:</u>							
Subtotal:	-	238,500	414,500	238,500	388,500	238,500	87,000
<u>Ingredient Suppliers:</u>							
Subtotal:	20,000	75,000	82,000	75,000	82,000	75,000	82,000
<u>Resale Item Suppliers:</u>							
Subtotal:	40,000	100,000	100,000	100,000	100,000	100,000	100,000
<u>Employee Payroll and Benefits:</u>							
FBB Health Checks Released	6,914	108,000	-	108,000	-	108,000	-
Guardian/VSP/AFLAC	-	20,000	-	20,000	-	20,000	-
Payroll	-	-	126,000	-	180,000	-	160,000
Payroll Taxes	-	-	52,500	-	75,000	-	65,000
Pension / Teamsters	-	45,000	-	45,000	-	45,000	-
Providence/Boon Chapman	3,583	-	-	-	-	-	-
Pre-filing Payroll and Bens	-	-	-	-	-	-	-
Other Payroll and Benefits	-	25,000	25,000	25,000	25,000	25,000	25,000
Subtotal:	10,497	198,000	203,500	198,000	280,000	198,000	250,000
<u>Utilities:</u>							
IGI	-	-	7,000	-	-	-	7,000
NW Natural	-	3,000	-	3,000	-	3,000	-
Pacific Power	-	10,000	-	-	-	-	10,000
PGE	-	26,500	-	-	-	26,500	-
Portland Disposal	-	4,000	-	-	-	4,000	-
Portland Water	-	-	-	-	67,000	-	-
Other Utilities	-	2,000	2,000	2,000	2,000	2,000	2,000
Subtotal:	-	45,500	9,000	5,000	69,000	35,500	19,000

Sunshine Dairy Foods Management, LLC  
DIP Cash Forecast

	Shrt Week 5/10/2018	Week 5/14/2018	Week 5/21/2018	Week 5/28/2018	Week 6/4/2018	Week 6/11/2018	Week 6/18/2018
<u>Leases:</u>							
DC Lease	-	-	-	-	-	-	-
Penske	-	-	-	-	-	-	-
Other Leases	-	-	25,000	-	25,000	-	25,000
Subtotal:	-	-	25,000	-	25,000	-	25,000
<u>Transportation:</u>							
LTI	-	15,000	15,000	15,000	15,000	15,000	15,000
Other Transportation	-	-	-	-	-	-	-
Subtotal:	-	15,000	15,000	15,000	15,000	15,000	15,000
<u>Packaging, QA and Other:</u>							
AMEX	-	-	-	-	-	-	-
Andersen Plastics	6,750	6,750	6,750	6,750	6,750	6,750	6,750
Bank Direct/IPFS	-	-	-	-	-	-	-
BevCap-Insurance	-	-	-	-	-	-	-
Electric Inc	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Ernest	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Groupo Phoenix	-	91,000	-	91,000	-	91,000	-
QCS	10,000	20,000	20,000	20,000	20,000	20,000	20,000
Tetra Pak	12,000	5,000	5,000	5,000	5,000	5,000	5,000
US Trustee Fees (Qrtly + 30)	-	-	-	-	-	-	-
Other ACH / Wires	-	-	-	-	-	-	-
Other checks	50,000	225,000	225,000	225,000	225,000	225,000	225,000
Subtotal:	100,250	369,250	278,250	369,250	278,250	369,250	278,250
Total Disbursements	170,747	1,041,250	1,127,250	1,000,750	1,237,750	1,031,250	856,250
Cummulative Difference	575,459	459,209	406,959	381,209	343,459	312,209	330,959
Collections - Disbursements	79,253	(116,250)	(128,750)	(25,750)	(37,750)	(31,250)	18,750